



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony

Insurance and Real Estate Committee

March 5, 2013

Raised Bill No. 6380 AN ACT CONCERNING CHANGES TO PROPERTY AND CASUALTY INSURANCE POLICIES AND HOME IMPROVEMENT CONTRACTORS.

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, the Insurance Department appreciates the opportunity to provide written testimony regarding H.B. 6380: An Act Concerning Changes to Property and Casualty Insurance Policies and Home Improvement Contractors. Generally, raised Bill 6380 adds a requirement regarding matching of replacement parts or materials and restricts the ability of home improvement contractors to serve as a public adjuster. The bill also protects homeowners from being nonrenewed solely due to submission of a catastrophe loss (s) and does not permit the surcharge of de minimus claims.

The Insurance Department is concerned that the proposed language in Section 1 of the bill is so broad as to encompass both property and automobile insurance coverages. We believe this issue is more specific to homeowner losses and would suggest the language be modified to only apply to the homeowner line of business.

As for Section 2(a), (b) and (c), the Department supports these changes and believes these will serve as good consumer protections. The last two years the state has experienced several catastrophes, beginning with the record winter of 2010-2011, Storm Irene, the October nor'easter, Superstorm Sandy and most recently the early February blizzard. We do not believe insureds should be penalized by insurers with a nonrenewal or increased premium surcharge solely based on the submission of claims through no fault of their own. After all, companies are permitted to file rates which reflect their experience in the state and current and future rate filings will reflect the experience of the past few years. We believe the provisions of this bill will ensure that insureds will not have to worry about a company taking adverse action based on the submission of catastrophe claims.

The Department would like to respectfully request two technical changes to the bill under Section 2(b). The concept of a surcharge on a claim is inaccurate and should be removed. Policies may be surcharged as a result of a claim but that possibility is mentioned in other language. The

Department also asks that the Committee consider adding the word "solely" to line 28 after "based" so the amended language would read "based solely..."

Thank you for the opportunity to provide testimony on this bill. The Department remains available to answer any questions.